

U.S.-KOREA TRADE AGREEMENT

South Carolina Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of South Carolina agricultural products, including poultry and beef. South Carolina's agricultural exports to all countries, estimated at \$549 million in 2009, supported about 4,500 jobs, on and off the farm. These export sales make an important contribution to the South Carolina farm economy, which had total cash receipts of \$2.2 billion in 2009.

Poultry Products. With farm cash receipts of \$696 million in 2009, broilers are South Carolina's leading agricultural industry accounting for nearly one-third of total farm earnings. Turkey production accounted for another 10.3 percent with cash receipts of \$221 million. Poultry and products are also the state's top agricultural export with sales estimated at \$146 million. The KORUS agreement will provide many benefits to the poultry industry.

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7-12 years.
- As the number 2 market for U.S. egg products, Korea's tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

Cattle and Beef. The cattle and calf industry is the state's fifth largest source of farm cash receipts with earnings of \$115 million in 2009.

- For beef muscle meats, the KORUS Agreement provides a 15-year straight-line tariff phase out of the 40-percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18-percent tariff reaching duty-free access in Year 15.

Cotton. South Carolina's cotton industry, with farm cash receipts of \$60 million in 2009, was the state's third largest agricultural exporter during that year.

- The KORUS agreement will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent access allows U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	South Carolina to World
Poultry Products	\$4,849,921,604	\$145,837,825
Cattle and Beef	\$8,906,548,162	\$18,607,593
Cotton	\$3,627,979,628	\$61,914,853
Agricultural Total	\$96,632,192,779	\$549,632,862

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.